



## European Social Fund

### INSSP Recommendations for the new Funding Period 2014-2020

INSSP, the Informal Network of Social Service Providers is composed of eight European umbrella organisations representing not-for-profit providers of social and health care services: Caritas Europa, Eurodiaconia, European Federation of National Organisations Working with the Homeless (FEANTSA), European Association of Service Providers for Persons with Disabilities (EASPD), European Council for Non-profit Organisations (CEDAG), European Platform for Rehabilitation (EPR), SOLIDAR and Workability Europe. All of these associations bring together organisations from across the EU which provide social and health services to people in need and to disadvantaged and vulnerable groups, in the general interest, based on specific commitments to society and rooted in a set of values. For all networks, access to social services is a fundamental right and necessary to uphold human dignity.

On the 14<sup>th</sup> April 2011 the INSSP organised an internal seminar on social services and the use of European Social Fund (ESF). The present statement draws from the findings of this Seminar. The Seminar aimed at collecting evidence of current usage of the fund in the field by beneficiaries of the ESF funding across Europe, namely the Not-for-Profit social service providers, to examine problems encountered by beneficiaries and to better understand the added value of the ESF for social services, and therefore the “European added value”.

The European Union is currently reviewing its Structural Funds policy in preparation of the new budgets to be allocated for 2014-2020. There are therefore many ongoing debates between countries and regions on how to use the funds in the future, and how to link the funds to the EU's new Europe2020 strategy.<sup>1</sup> One of the 7 priorities of the Europe2020 strategy is to reduce poverty, with a target to lift at least 20 million people out of poverty and social exclusion in the next decade.

The European Platform against Poverty and Social Exclusion (EPAP)<sup>2</sup> sets out actions to help reach this target, and refers to the ESF as “a key financial tool for supporting employment and social inclusion” and “for testing innovative actions”. The EPAP also refers to the key role of social services in promoting the active inclusion of people furthest away from the labour market. Networks in the INSSP represent providers of social services that work to lift people out of social exclusion and access the labour market, and are therefore keen to ensure that the ESF does indeed become an important source of funding for supporting this role of these services and for evidence-based social service innovation.

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<sup>1</sup> [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm)

<sup>2</sup> <http://ec.europa.eu/social/main.jsp?langId=en&catId=961>

### I Role of Not-For-Profit service Providers in Implementation of the ESF

In the framework of the ESF the NGOs act in different capacities - most commonly as beneficiaries of the ESF who implement projects on the ground, but also in a capacity of intermediary bodies (IBs). This is the case notably in Germany and in Spain where national federations of non-governmental social welfare organisations have been entrusted with this duty. NGO federations acting as intermediary bodies negotiate separate operational programmes of the ESF. The evidence collected from their experiences shows that the unique expertise the NGOs possess in delivering social services makes them particularly well placed to design, manage and evaluate the implementation of the ESF through the individual programmes. Intermediary bodies enjoy special status in terms of access to information on available budgets, uptake of money and play a crucial role in determining the needs for specific interventions which stems from the ground.

#### **Recommendation 1:**

INSSP recommends to the European Commission to actively promote the role of not-for-profit service providers in the management of the European Social Fund, and provide guidance on how national networks of NGO beneficiary organisations can become implementing bodies.

### II ESF Priority Areas and Actions

One of the priority areas of action of the ESF is combating social exclusion among vulnerable groups. This objective can be achieved in numerous ways, one of them being creating professional opportunities for excluded people outside the open labour market. The NGOs have been playing a primordial role in increasing the employability of such people the furthest away from the labour market, whose immediate chances of finding sustainable employment in the mainstream labour market are low, especially in the times of financial recession and high unemployment. Many not-for-profit organisations fill this gap by offering placements in social enterprises with the aim of providing vulnerable participants with training and job experience. The ESF financing can be used to balance out the costs of lower productivity of the workers in the social enterprise during the first year of their work.

#### **Recommendation 2:**

The INSSP recommends to the European Commission to promote projects that provide employment integration through alternative channels, such as through social enterprises, volunteering opportunities within the NGOs. The new priorities of the ESF should take into account the priorities of the EU2020 strategy, and in particular the commitments laid down in the EPAP Flagship Initiative and should contribute to the achievement of the reduction of poverty target.

### III Access to ESF funding and the co-financing principle

The evidence collected by the INSSP on the ground shows that the current co-financing principle imposed by the structural funds requiring beneficiaries to cover between 50%-15% of the costs of projects they implement seems to be a significant obstacle for smaller entities, especially the ones from the not-for-profit sector, to access the ESF funding.

#### **Recommendation 3:**

The INSSP recommends to the European Commission to undertake a review of the principle of co-financing and its purpose in the framework of the ESF programmes.

### IV Partnership Principle

The not-for-profit social service providers play a primordial role in implementation of the ESF objectives. However, the importance of the NGOs as beneficiaries of the ESF projects is currently not being appropriately reflected in the process of defining ESF priorities both at the EU and the national or regional levels, designing content of the projects, nor at the stage of evaluation. In addition it has been reported to us that ESF Managing Authorities in the Member States do not always have the competences to adequately evaluate the unmet social needs, which is crucial for adequately designing the calls for projects and selecting bidders, or the project applications.

INSSP members believe that this could be solved by rendering the procedures of setting priorities for the Member States, as well as negotiating the operational programmes transparent and open to relevant stakeholders.

#### **Recommendation 4:**

INSSP recommends to the European Commission to lay down minimum standards for the partnership principle in the revised EU regulations. It should lay out the minimum involvement of stakeholders in all of the stages of the process, from setting priority areas, negotiating operational programmes, designing calls for applications and designing methodology for the evaluation. Additionally all of the aforementioned procedures should be rendered more transparent.

### V Cross-financing and coordination between ESF and ERDF

Under the current funding regime infrastructure does not constitute an eligible cost under the ESF regulations. However, the evidence collected among INSSP members shows that successful professional integration of persons experiencing exclusion, particularly housing exclusion depends on a possibility to ensure the infrastructure is there, for example to be able to provide them with accommodation during the project.

### **Recommendation 5:**

INSSP recommends to the European Commission to create a framework to strengthen convergence and coordination between ESF and the ERDF (as well as other structural funds where applicable) and to facilitate procedures of cross-financing between these funding regimes in order to allow for financing of infrastructure.

## **VI The nature of the services financed by the ESF**

In principle, the beneficiaries of the ESF who implement projects on the ground should use this financing to launch new initiatives to complement their core activities. However, the evidence collected by the INSSP shows cases of public budget cuts on financing of core initiatives of the social service providers and replacing them with budgets from the ESF. This is particularly well-spread in the regions that receive ESF money in the framework of the Convergence objective (this includes all EU regions with a Gross Domestic Product (GDP) per capita below 75% of the EU average) and therefore the proportion of the EU contribution into the projects is higher.

Cutting or scrapping altogether existing sources of financing available for providing the core services to the community carries the risk of changing the culture of the service provision by the NGOs who have to adjust their organisation to requirements of the ESF – namely working in a setting of fixed-term projects, non-continuous service delivery tied to the length of financing, shift in priorities towards ensuring labour-market related outcomes, addressing different target groups and employing different evaluation and measurement methods. Evidence clearly shows that the NGOs can be negatively affected by cutting public budgets for their activities.

### **Recommendation 6:**

INSSP recommends to the European Commission to introduce safeguard clauses to prevent Member States from replacing existing, sustainable financing of core services by ESF money in order to ensure continuity of service delivery and core activities of the beneficiaries of the ESF projects.

## **VII Evaluation of the ESF projects and outcome measurement**

The evaluation of the ESF projects is linked to the objectives of the Programme, which is defined in terms of successful labour market integration of project participants. It has been reported to INSSP by the beneficiaries of the ESF financing, that the Managing Authorities evaluate their projects with the use of methodologically inadequate tools – mostly statistical indicators of the proportion of participants who found employment in the “open” labour market following the end of the financing period.

The difficulty and inadequacy in using generic and universal one-dimensional indicators to evaluate all ESF projects is twofold: firstly, in the context of high unemployment, the progress of participants into professional and social integration is often not reflected immediately in an immediate permanent employment contract – it can take many other different forms, like increasing employability, gaining experience through working in a social enterprise, voluntary activity. Secondly, using numerical indicators to measure progress carries the risk of “skimming” – forcing the organisations to reject the participants

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the furthest away from the labour market because they will not be able to easily show “success”. ESF managing authorities need to account for difficulty in placing professional integration projects’ participants immediately in the “open labour” market.

### **Recommendation 7:**

INSSP recommends to the European Commission to and to the Member States, as well as regional governments where appropriate, to revise current evaluation methodologies and invest in development of appropriate tools to measure the social development and professional integration of project participants. This should be done in close cooperation and structural dialogue with beneficiaries of the ESF, including not-for-profit social service providers.

## **IX. Administrative and financial procedures under the ESF**

The reasons behind social exclusion are often multiple and multi-dimensional, which requires flexible and innovative responses in terms of interventions, and, in, consequence, in terms of spending. The ESF regime does not always allow for much flexibility in terms of actions, the financial margin of manoeuvre being even smaller.

### **Recommendation 8:**

INSSP recommends to the European Commission and ESF Managing Authorities to revise the current financial reporting systems and to introduce a lump sums approach to financing ESF projects which would allow its beneficiaries to respond more innovatively and efficiently to needs of participants.

### **Recommendation 9:**

INSSP recommends to the European Commission to revise the reporting regime under the ESF in order to ease the administrative burden faced currently by particularly small beneficiaries of the ESF. A structured consultation with relevant stakeholders should be carried out towards this end.